

**City of Takoma Park Residents' Committee on  
Tax and Services Duplication Issues (TASDI)  
Meeting notes for November 17, 2004,  
7:00 – 9:00 pm in the City Council Chamber**

**AGENDA**

Co-chairs Bruce Moyer and Dan Robinson reviewed the agenda and thanked the committee for electing them to their post.

**Meeting Goals**

The goals of the meeting were twofold: 1) to further obtain information on tax duplication at the State and County level and; 2) have committee members agree on the approach for our charge by the City Council.

**Staff Report**

Barb Matthews handed out and recapped a list of documents requested by the committee from the November 10 meeting. Barb also reported that meeting materials such as meeting notes and handouts will be posted to the City website. Suzanne Ludlow went over the evaluation from the November 10 meeting and stressed the importance of filling out the evaluation form as a feedback mechanism for improving future meetings. Barb and Suzanne suggested that if their presence was necessary at future working group meetings, to please give them a two week notice so they can prepare documents and open their schedules.

**Introduction of Speakers on the Topic of Tax Duplication in Maryland and Montgomery County**

**Speaker 1 – Jim Peck, Director of Research, Maryland Municipal League (MML), Maryland Perspective**

Jim Peck outlined the legislative history of tax duplication issues in Maryland. Evidence of this issue occurred in 1879, when the Maryland Court of Appeals upheld a property tax levy as adequate in receiving a tax rebate for services rendered by the municipality. This was later reaffirmed in 1889 & 1914. In 1975, the Maryland Legislature authorized set-offs, but did not go as far as mandating them. Double taxation has historically been decided on a county-by-county and city-by-city format. In 1993 the Maryland General Assembly set up a Municipal and County Task Force to sort out the double taxation issues. As a result counties and municipalities are to meet annually to discuss the issue. Minimum requirements were established such as designating negotiators, establishing a 180-day rule that allows municipalities to request a set-off prior to submitting the budget, requiring the County to make a budgetary Statement of Intent, and providing the municipality the right to testify before a budget hearing.

Mr. Peck defined tax duplication where municipalities and the county provide a service that is paid for through property taxes. The remedy for tax duplication is called a property tax set-off. Set-offs are in the form of tax rebates or tax differentials. A tax rebate is when the county reimburses the municipality for services provided and a tax

differential is an adjustment (or reduction) to the municipal property tax rate. Montgomery County's set-off policy is through a tax rebate and according to MML they feel as though the County and Municipalities have a good working relationship.

**Speaker 2 – Sunil Pandya, Budget Manager, Montgomery County Office of Management and Budget**

Sunil Pandya oversaw the tax rebate last year. Sunil provided an overview of the tax rebate issue and provided an example on how it was incorporated in the service rebate for transportation.

Sunil reiterated Mr. Peck's assertion that the County and the City have a good working relationship and the County feels as though the City is overcompensated in its tax rebate.

In 1973, the County paid out its first tax rebate and in 1995 the county passed a code that established the rebate process. A Task Force was established in 1995 that created a list of services that were not reimbursable by Montgomery County and outlined the reimbursement formula.

Montgomery County provides a total of \$7 million in tax rebates (or reimbursements) to its municipalities of which \$5.4 million is for road maintenance. Road Maintenance is primarily calculated on total road miles and a payment is made per road mile. Takoma Park has 34.6 road miles with a cost of \$15,763/mile.

When calculating the tax rebate, the County bases its cost of providing the service and does not analyze the costs incurred by the City to provide the same service. Mr. Pandya mentioned that the County looks at the cost of services from a macro perspective and not from city-to-city. One exception is the Takoma Park Police Memorandum of Understanding (MOU) which is the basis for calculating the tax rebate for that service.

Income taxes are shared between the municipality (17%) and the County (83%).  
[Residents of Montgomery County pay .032 of their taxable income to the County via the Maryland State Income Tax form; these funds are collected by the State and returned to Montgomery County.]

**Committee Organization Discussion**

This committee convened to have the following discussions:

- 1) To obtain consensus on charging forward under the framework of three working groups. The committee held a brief discussion and agreed that this framework was a good starting point. The working groups include:  
Education/Communication, Service Analysis, Tax and Income Stream Analysis. Members of the committee selected which working group interested them.
- 2) Discussion on transparency and community involvement. The group decided to make the meetings open to citizens and welcome one and all.

**Wrap up/Next Steps**

Barb Matthews and Suzanne Ludlow were asked to provide a briefing on the budget's overall city revenues and those services for which the city receives a tax rebate from the county.

The next meeting will be on December 1, 2004 at 7:00 pm at Columbia College in Wilkerson Hall.